debentures of corporate bodies, units of mutual funds and bonds issued by Public Sector Undertakings (PSUs). As per current policy, banks are free to invest in preference shares and non-convertible debentures of corporate bodies and bonds issued by PSUs without any ceiling. Such investments have, however, to be taken into account for arriving at the prudential exposure ceiling. Investments in ordinary shares, convertible debtentures and units of mutual funds are subject to the ceiling prescribed by RBI. As per current instructions, investments in these securities in a year should not exceed 5% of the incremental deposits of the previous year.

Such investments made by banks are monitored by the Board of Directors of banks in accordance with the guidelines laid down by RBI. Company-wise information is not maintained by RBI.

[English]

External Commercial Borrowings

5008. SHRI VIJAY GOEL : Will the Minister of FINANCE be pleased to state :

(a) whether the Government have announced some changes in the External Commercial Borrowings recently; and

(b) if so, the details of the guidelines issued in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR) : (a) Yes, Sir.

(b) A Press Release dated 31st March, 1997 issued by Ministry of Finance containing changes made in ECB policy for the year 1997-98 is enclosed as Statement.

Statement

Ministry of Finance Department of Economic Affairs

PRESS RELEASE

ECB Policy - 1997-98

In June, 1996, Government had announced comprehensive guidelines on ECB Policies and Procedures aiming at increasing the transparency in policy and simplifying the procedure to give Indian Industry easier access to external finance to support investment and economic activity.

2. Government have reviewed the existing policy and decided to modify the guidelines as follows, in the light of experience of the past year and emerging priorities;

I. At present, ECBs for Power, Telecommunications and Railway Sectors, are permitted to be used for rupee expenditure. It is proposed to extend this flexibility to cover the following infrastructure sectors also :

(i) Roads (including bridges)

(ii) Ports

(iii) Industrial Park; and

(iv) Urban Infrastructure (Water Supply, Irrigation, Sanitation and Sewerage projects as defined in Section 80 IA of Income Tax Act. 1961).

II. Holding companies/promoters will be permitted to raise ECB upto a maximum of USD 50 million equivalent to finance equity investment in infrastructure projects. This flexibility is being given in order to enable Domestic investor in infrastructure projects to meet the minimum domestic equity requirements.

III. At present interest rate limits on ECB for project financing allow interest spreads upto 350 basis points above LIBOR/US Treasury. In order to give borrowers greater flexibility in designing a debt strategy, it is proposed to allow upto 50% of the permissible debt in the form of sub-ordinated debt at a higher interest rate, provided the composite spread for senior and sub-ordinated debt taken together comes within the project financing limit.

IV. Corporate borrowers able to raise long-term resources with an average maturity of 10 years and 20 years will be allowed to use the ECB proceeds upto USD 100 million and USD 200 million respectively without any end-use restrictions i.e. for general corporate objectives excluding speculative investments in stock, markets or in real estate. To be eligible for this purpose, the debt instrument should not include any "put" or "call" options potentially reducing the stated maturities. The total debt allowed through this window will be within the overall limit of the borrower's entitlement for ECB.

V. Corporate borrowers will be permitted to raise ECB to acquire ships/vessels from Indian shipyards.

VI. The present scheme allowing exporters to borrow upto the level of their average export earning for the past three years subject to a maximum of USD 15 million without end-use restriction will be liberalised as follow :-

Exporters will be permitted to raise ECB upto twice the average amount of annual exports during the previous three years subject to a maximum of USD 100 million without end-use restrictions, i.e. for general corporate objectives excluding speculative investments in stock markets or in real estate. The minimum average maturity will be three years upt USD 15 million equivalent and seven years for the balance amount exceeding USD 15 million.The maximum level of entitlement in any one year is a cumulative limit and debt out-standing under the existing USD 15 million exporters scheme will be metted out to determine annual eligibility.

VII. Corporate borrowers who have raised ECB for import of capital goods and services through Bonds/FRN/ Sindicated loans will be permitted to remit funds into India and deploy the same as per their business judgement, as a interim measure, till the actual import of capital goods and services takes place or upto one year, whichever is less. In case borrowers decide to deploy the funds abroad till the approved end-use requirement arises, they can do so as per the RBI's extent guidelines.

3. Other terms and conditions outlined in the guidelines on Policies and Procedures for External Commercial Borrowings issued on 19th June, 1996 will continue to remain in force. Consolidated guidelines on ECB Policies & Procedures incorporating the above mentioned modifications will be issued shortly.

4. These changes are effective from 1st of April, 1997.

5. The objective of the modification is to give priority and provide greater flexibility to investor in critical infrastructure sectors, to give priority to exporters in accessing ECB resources and to give additional flexibility to those incurring longer term debt. The total volume of approvals will be carefully monitored consistent with Prudent Debt Management.

F.No. 4 (1)/97-ECB New Delhi, the 31st March, 1997.

The Press Information Bureau is requested to give wide publicity to this Press Release.

(U. SARAT CHANDRAN)

Joint Secretary to the Government of India

Press Information Officer,
Press Information Bureau,
Shastri Bhawan,
New Delhi.

Child Labour

5009. SHRI SATYAJITSINH DULIPSINH GAEKWAD :
SHRI MADHAVRAO SCINDIA :

Will the Minister of LABOUR be pleased to state :

(a) whether it is a fact that over a thousand child labour from different parts of the country converged down to the capital on March 30-31, 1997 for a public hearing before a "Jury" to tell their tale of lost childhood and to attend a convention;

(b) if so, the main demands and the decisions taken by the Jury ; and

(c) the Government's reaction thereto?

THE MINISTER OF LABOUR (SHRI M. ARUNACHALAM) : (a) Yes, Sir.

(b) The main demands and recommendations made in the public hearing, *inter-alia*, included the provision of free compulsory, relevant and quality elementary education to all children, prohibition of the employment of children upto the age of 14 in all sectors, and strict enforcement of the directions of the Supreme Court in its judgement dated the 10th December, 1996.

(c) The Government is committed to the elimination of child labour from all occupations and industries and making free and complusory elementary eduction a Fundamental Right. Government has already initiated a series of steps in this regard and these efforts will cotinue till the objective of complete elimination of child labour is achieved. The State/UT Governments have also initiated action for the implementation of the directions of the Supreme Court on child labour.

Legal Dues to the Jobless Workers of Textile Mill

5010. SHRI SANAT MEHTA : Will the Minister of LABOUR be pleased to state :

(a) the total number of workers rendered unemployed because of closure of Textile Mills or liquidation of Mill in Mumbai and Gujarat ;

(b) if so, the details of payment of the legal dues of workers; and

(c) the estimated number of Textile workers rendered unemployed by Mills of Mumbai and Gujarat?

THE MINISTER OF LABOUR (SHRI M. ARUNACHALAM) :(a) to (c) Information is being collected and will be laid on the Table of the House.

Exploration of Oil

5011. SHRI ANCHAL DAS : Will the PRIME MINISTER be pleased to state :

(a) the plan allocation for exploration of Oil and Gas fields in Orissa;

(b) whether Government propose to assign oil/gas exploration in Orissa to private agency/ONGC rather than Oil India; and

(c) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI T.R. BAALU) : (a) In the annual Plan for 1997-98, no allocation has been made for exploration of oil and gas in Orissa.

(b) and (c) Under the New Exploration Licencing Policy recently announced by the Government, all prospective areas for the exploration of oil and gas, including Orissa, are proposed to be thrown open for investment by the private/public sector.